

U DISTRICT REZONE & HOUSING REQUIREMENTS



Agenda

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- Review: planning process, recommendations
- Findings: U District Displacement Report
- HALA and Mandatory Housing Affordability
- U District MHA proposal
- Incentive zoning overview



Community planning recap

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- Extensive public engagement 2011-present: multiple related planning efforts and 90+ public events
- Rezone is one piece of a larger set of changes
- People view growth with both excitement and concern



Overview of the Mayor's proposal

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1. Public investments in the U District
2. Zoning changes
3. New design standards
4. Mandatory Housing Affordability requirements
5. Incentive programs: open space, preservation, childcare



PLUZ process

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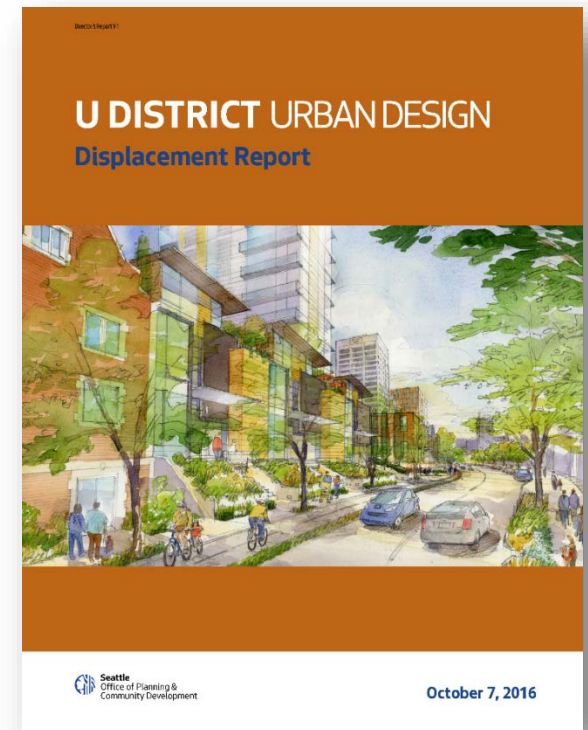
- September 9th: Planning process overview, “what we’ve heard”, community partners
- September 20th: City investments in the U District, rezone map and heights, new design standards
- November 16th: Public hearing
- November 29th: Displacement, affordable housing, incentive zoning
- December 6th: Open space, support for small businesses, potential amendments
- January 2017: amendments, deliberation



Displacement in the U District

- U District Displacement Report summarizes findings about potential displacement in the U District (October 2016)

"Displacement is already occurring in the U District with or without zoning changes. **Direct displacement** can occur from specific events, like an eviction to allow repairs, rehabilitation, or demolition. **Economic displacement** occurs over time as housing scarcity causes housing costs to rise."



Direct displacement

How will growth unfold over 20 years under projected scenarios?

- **Existing zoning:** 3,900 new homes would result in 60 homes demolished
- **Proposed rezone:** 5,000 new homes would result in 40 homes demolished
- **If every site redeveloped:** (“full buildout”) 9,800 new homes would result in 275 demolitions



Construction and demolition 2010-2016

- Even with current zoning, development in the U District results in a relatively low rate of demolition
- Rezone would tend to allow more new homes for the same number of demolitions

| Area | New units | Demolished units | Ratio |
|--|-----------|------------------|-----------|
| U District | 1,795 | 124 | 14.5 to 1 |
| Seattle: all zones | 33,725 | 2,609* | 12.9 to 1 |
| Seattle: excluding single-family zones | 31,415 | 1,787* | 17.6 to 1 |
| Seattle: Downtown and Highrise zones | 4,947 | 161* | 30.7 to 1 |

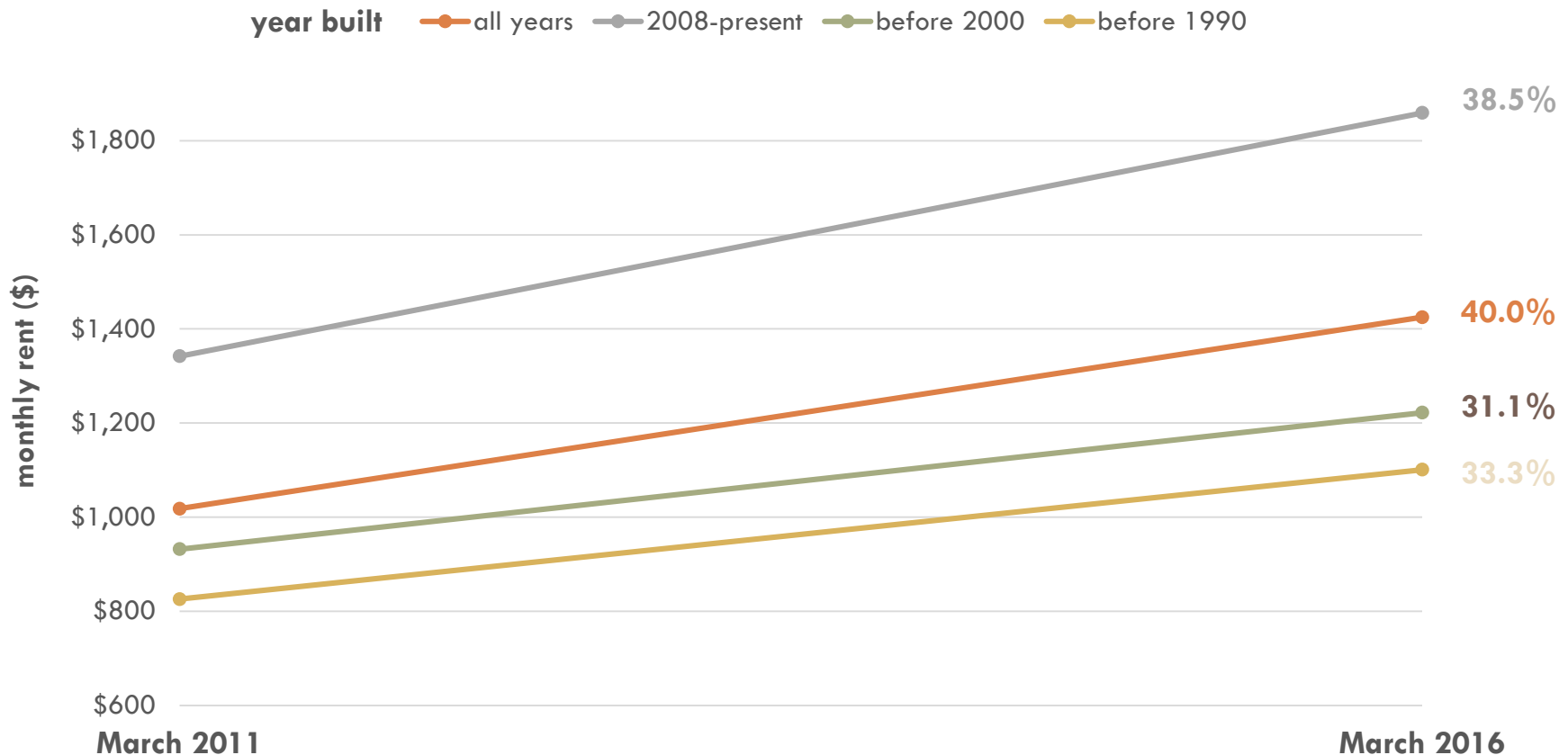
* Demolition data excludes the 272 units removed when the McGuire apartment building was demolished due to faulty construction.

Economic displacement

- When the number of people seeking housing exceeds the number of homes available, all types of housing get more expensive as wealthier residents bid up the prices, and property owners have an incentive to target higher-income households.
- Additional height and density in the core of the U District would reduce pressure on existing housing. When housing is scarce, the pressure on and need for subsidized housing increase.
- Expanding housing options near light rail can reduce transportation costs.

Economic displacement

- The cost of all housing has increased in the U District.



Conclusions

- With or without zoning changes, somewhere between 40-275 units will be demolished.
- By allowing taller, higher-density development in the core of the neighborhood, the proposal accommodates more growth on fewer sites, reducing demolitions compared to existing zoning.
- By increasing the total number of housing choices as the U District continues to grow, the proposal helps reduce the rent increases that cause economic displacement.
- By implementing MHA requirements, the proposal ensures that new development contributes directly to affordable housing, expanding options for low-income people facing displacement pressures.

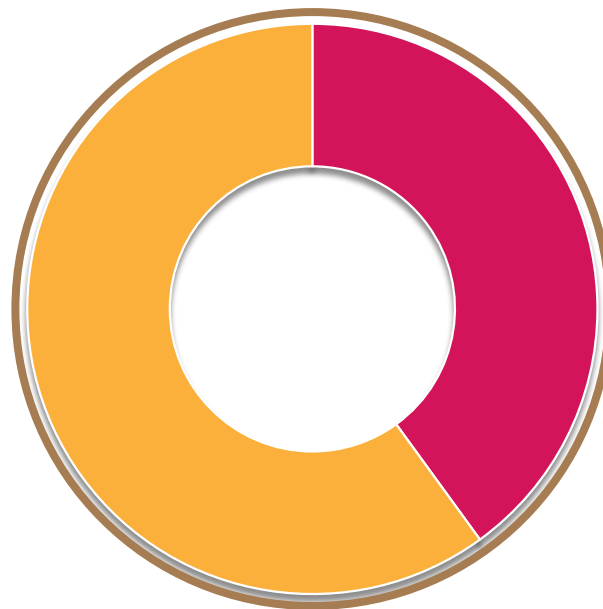
The HALA goal

In the next 10 years:

30,000

new market-rate homes

- Critical to expand housing options to meet growing demand
- Continue growth in urban centers
- Reduce permitting barriers
- Maximize efficient construction methods
- Provide incentives for family-sized housing



20,000

affordable homes

- Net new rent- and income-restricted homes
- Includes new construction and acquisition rehab
- About 3x current production
- New and expanded public and private resources
- Funding programs primarily serve $\leq 60\%$ AMI households
- Incentive programs primarily serve 60% to 80% AMI households

HALA in action



**Invest in housing
for those most in
need**



**Create new
affordable
housing as we
grow**



**Prevent
displacement and
foster equitable
communities**



**Promote
efficient and
innovative
development**

What is MHA?

Growth with affordability

- ❑ All new multifamily and commercial development must either build or pay into a fund for affordable housing
- ❑ Provides additional development capacity to partially offset the cost of these requirements (zoning changes)
- ❑ Increases housing choices
- ❑ A state-approved approach other local cities have used



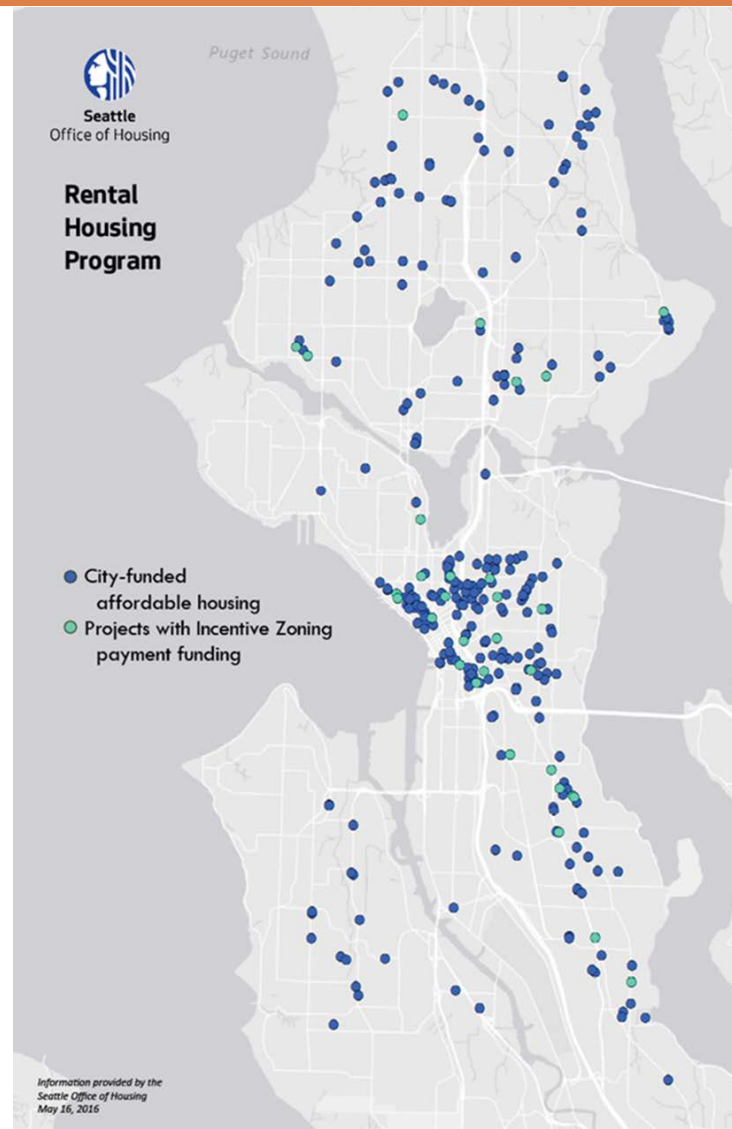
Payment and performance

- Why will MHA provide payment and performance options?
 - ▣ Payment and performance levels will be set to provide a meaningful choice between options
 - ▣ Performance results in fewer affordable housing units
 - ▣ Performance is difficult for small projects
 - ▣ Payment has important equity outcomes



How will we invest MHA payments across the city?

- The MHA-R framework directs the City to consider the extent to which the housing would:
 - ▣ Affirmatively further fair housing choice
 - ▣ Be located within an urban center or village
 - ▣ Be located near frequent bus service or current or planned light rail or streetcar stops
 - ▣ Advance City policies to promote economic opportunity and community development, and address the needs of communities vulnerable to displacement
 - ▣ Be located near developments that generate cash contributions



MHA in the U District

| | Residential | | Commercial | |
|---|-------------|---------|------------|---------|
| | % | \$ | % | \$ |
| Highrise zones (240 and 320 ft zones) | 9% | \$20.00 | 9% | \$20.00 |
| Lowrise & midrise zones with (M1) suffix (LR, NC, and MR zones) | 9% | \$20.00 | 8% | \$11.25 |
| Mixed use on the Ave (SM-U 85) | 6% | \$13.25 | 5% | \$7.00 |

Economic Feasibility

Community Attributes analyzed a range of development prototypes to understand project feasibility after MHA implementation. In the U District, this study suggests:

- ▣ Residential highrise is not likely to be feasible at expected land cost, but will likely become feasible in the future as the market changes.
- ▣ Commercial highrise may be feasible under assumed conditions, depending on site conditions and land prices
- ▣ 85 foot zones and Midrise zones are likely to be feasible under existing conditions

MHA payment & performance examples

| Project example | Requirement | Performance outcome | Payment outcome |
|---|--|---|--------------------------------|
| 7-story apartment building <ul style="list-style-type: none"> • MR (M1) zone • 102 total homes • 80,000 gross residential square feet | 9% or \$20 per sq. ft. | 9.2 affordable homes | 18 affordable homes (\$1.6M) |
| 32-story residential tower <ul style="list-style-type: none"> • SM-U 95-320 • 446 total homes • 350,000 gross residential square feet | 9% or \$20 per sq. ft. + Incentive Zoning | 40.1 affordable homes | 78.7 affordable homes (\$7.0M) |
| | | \$1.5M in TDR, open space, or combination | |

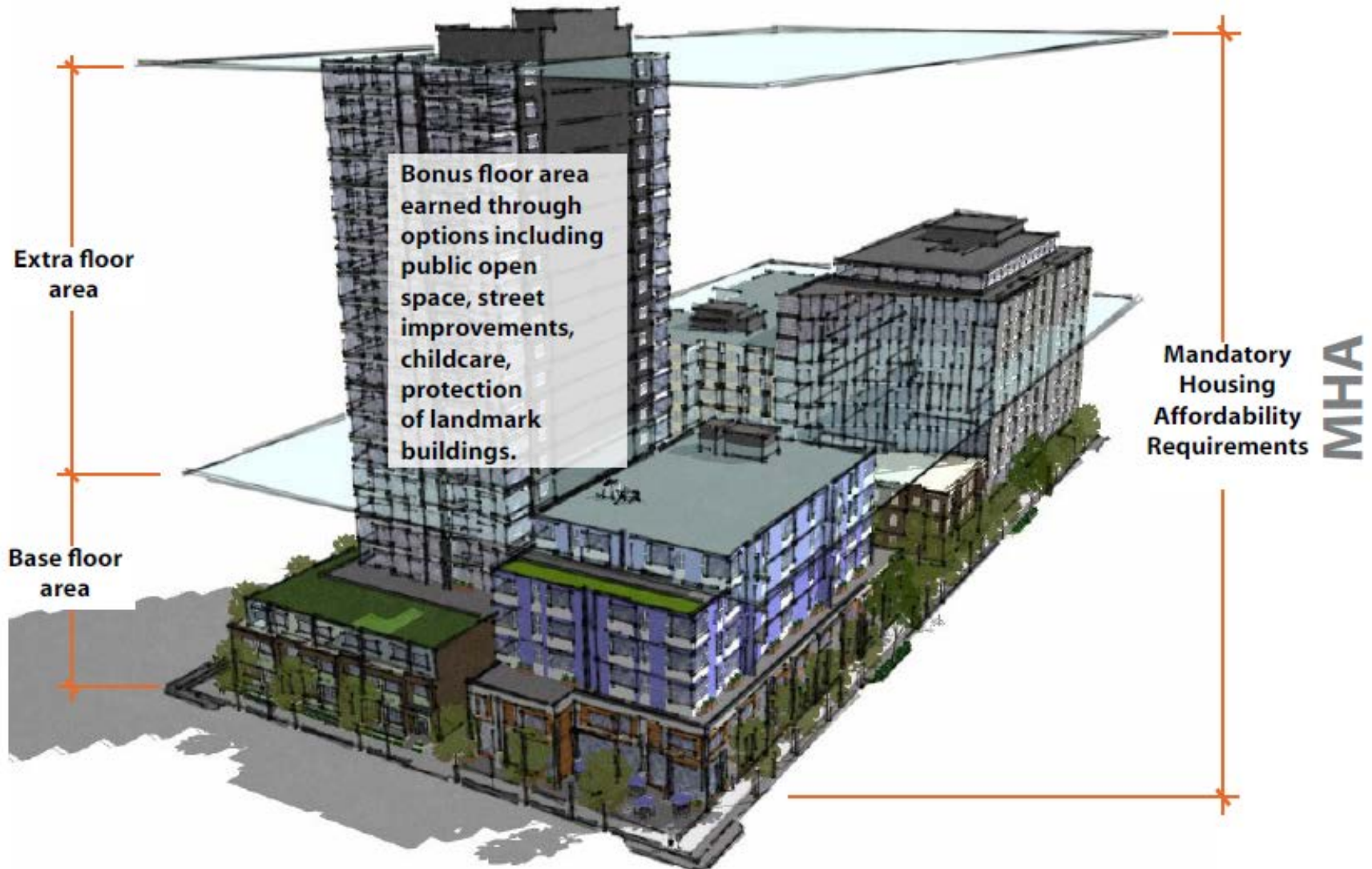
Incentive Zoning

- Projects using additional height or floor area must also:
 - ▣ Acquire TDR from open space, Landmark, or vulnerable masonry sites;
 - ▣ Provide Privately Owned Public Space (POPS); or
 - ▣ Provide green street improvements



Incentive Zoning

INCENTIVE ZONING



Outcomes

Expected 20 year outcomes

- ❑ 3,500-5,000 new market-rate homes
- ❑ 3,000-4,800 new jobs
- ❑ 620-910 new affordable homes
- ❑ \$10-14 million in TDR, open space, and green street investments



Detailed background: www.seattle.gov/dpd/udistrict

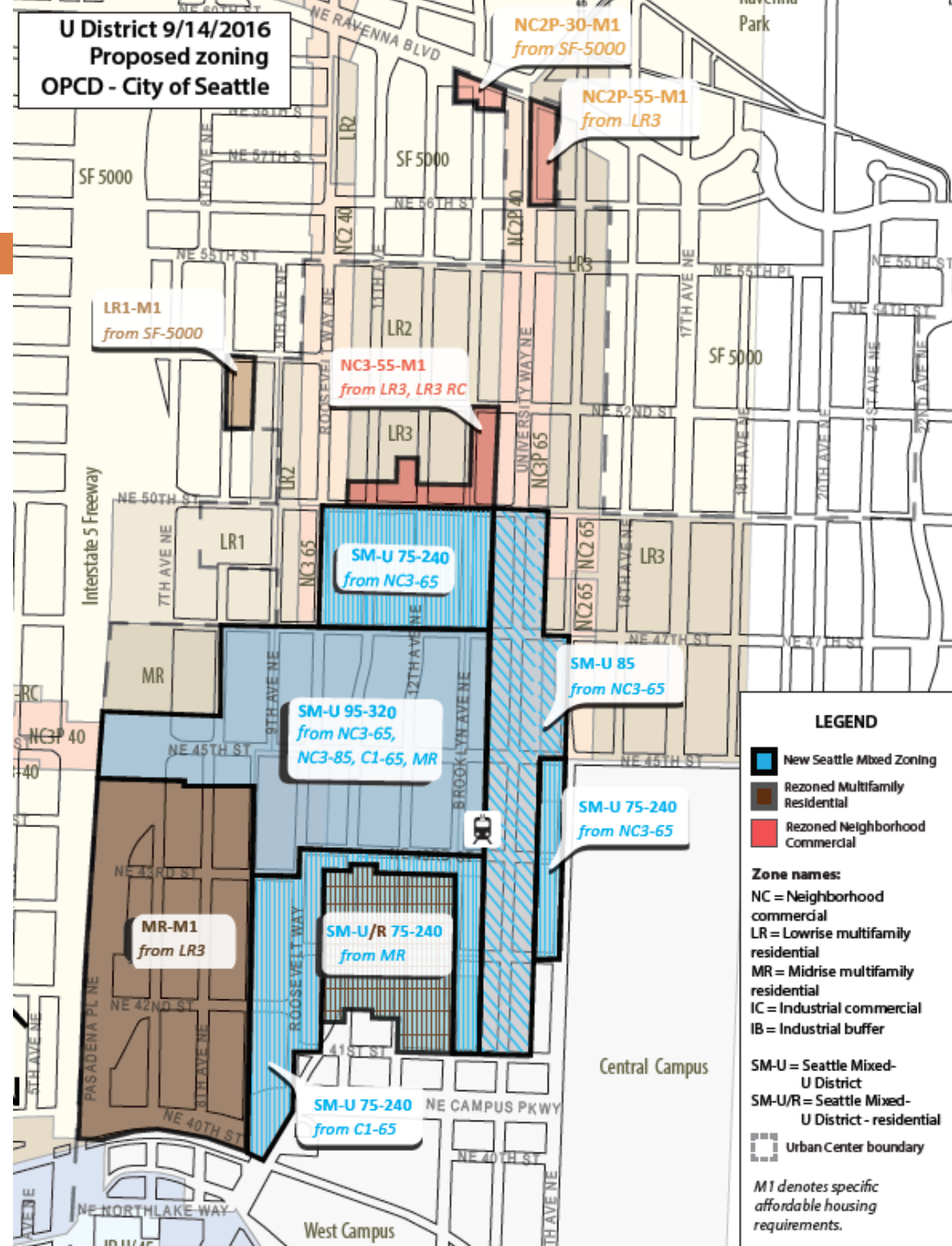


Seattle
Office of Planning &
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S. Bowler

Rezone map

- Focus new growth south of NE 50th St., with residential highrises up to 240' and 320'
- Offices limited to 160' in highrise zones
- Heights stay relatively low on the Ave
- Limited changes north of 50th



MHA mapping

- A. U District rezones with highrise or other large increases (2016).** MHA-R = 9% of units or \$20/sf
- B. Ave rezones (2016).** MHA-R = 6% of units or \$13.25/sf
- C. All other commercial and multifamily residential (2017).** TBD, as part of zone-wide changes

